

THE UNION OF
TELEGRAPH INTERESTS IN CANADA.

A LETTER TO THE SHAREHOLDERS OF THE MONTREAL TELEGRAPH COMPANY

BY

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1881



TO THE SHAREHOLDERS
OF THE
MONTREAL TELEGRAPH COMPANY.

GENTLEMEN:

I venture to address you in relation to the proposition which is to be submitted to your decision at the Special General Meeting called for the 16th of July next, on which occasion you will be asked whether you will consent to a contract for the working of your lines by another telegraph company, under a guarantee to you of Eight per cent. per annum on the capital of your company. I take this liberty because I have been more or less concerned in the negotiations which have resulted in this proposition, and because there seems to exist a misunderstanding and a prejudice, which is most unjust to the measure now before you, and which, unless removed, may seriously interfere with the wisdom of the judgment at which you may arrive.

THE PLAN PROPOSED.

In order that you may clearly apprehend the plan proposed for the fusion of telegraph interests in Canada, an extract is herewith submitted, which, in a measure, explains the same. This memorandum puts into shape and form the result of negotiations extending over several weeks, in which serious legal difficulties were encountered, but surmounted by the plan now proposed.

The Great North Western Telegraph Company of Canada desire to place themselves in the position of contractors, to undertake the working of the lines of the Montreal Telegraph Company, at a fixed rate of remuneration, upon the terms and conditions of an agreement, to be hereafter drawn up. The contractors are to undertake, for a period of 99 years, to work, manage, and operate the lines of the Montreal Company, by means of its own employés and operators, and to conduct the business in the same manner, and to the same extent, that the Montreal Company has heretofore conducted it, performing, to the fullest extent, all the obligations of the company towards the public. And the contractors bind and pledge themselves to pay to the Montreal Company, quarterly, during the continuance of this agreement, the sum of forty-one thousand dollars, on the first days of January, April, July, and October, of each year, or at the rate of eight per cent. per annum, on the capital stock of the Montreal Company, and four thousand dollars for the maintenance of the organization of the same. The Western Union Telegraph Company to be parties to this agreement, in consideration of certain arrangements with them, they binding and pledging themselves as sureties of the said contractors for the payment of all sums of money and for the performance of all the obligations and duties which these contractors undertake. And it is agreed by the contractors that no charge greater than twenty-five cents shall be made for the transmission of a message of ten words over the present extent of the lines of the company.

After due consideration the Board, through its acting Secretary, notified me of their approval of this scheme, and called the meeting of stockholders by the advertisement with which you are familiar.

There are, of course, other conditions of the proposed agreement than are contained in the foregoing; but the general bases of the propositions submitted are more clearly set forth in this communication than can be shortly gleaned from any other source. An agreement completely protecting your interests, and covering all the points essential to legality and safety, has been drawn up by your own counsel, Hon. J. J. C. Abbott, and is to be submitted for consideration.

It will be noticed that the Montreal Telegraph is in the position of employer, that its organization, powers, and dignity are undisturbed. The Great North Western Telegraph Company seeks, on the other hand, to occupy simply the position of a contractor to your corporation, whose remuneration is dependent upon good management and success of the administration of affairs, but against the consequences of whose failure you have a safe and ample guarantee.

CONDEMNED UNHEARD.

It would ill become me to question the sincerity of parties who condemn the scheme as proposed; but it is submitted that this condemnation has been most unjust, because no attempt has been made to get at the facts of the case, and no explanations were sought before judgment was attempted to be entered up in the public mind against the project. The chief ground of complaint has been, that the telegraph companies were about to pass under the control of Americans, that the telegraph system of Canada would become denationalized, and that there was no assurance that the most exorbitant rates might not be charged for messages. The changes have been rung from one end of the Dominion to the other, with variations of these charges, and a prejudice adverse to the proposed amalgamation has been created, which has no foundation, and is simply the result of ignorance or design. The truth is, that, the whole scheme, as now before you, has been proposed and promoted for the very purpose of obviating the possibility of results such as are charged against it. Thus, instead of an American company obtaining possession of the Canadian telegraph lines, it is proposed that a purely Canadian company shall be the instrument used for combining what might easily become very conflicting interests, and with disastrous results. This company, known as The Great North Western Telegraph Company of Canada, was created under a Canadian charter, is composed almost entirely of Canadian stockholders, with a board of Canadian directors, and officered solely by Canadians, employing a Canadian staff only. What element of adverse Americanism is herein contained, it is difficult to discover. It is true that the Western Union Company undertake for the Great North Western Company, a guarantee of an eight per cent. dividend on the capital of the Montreal Telegraph Company, and pay a six per cent. dividend to the Dominion Company, and in consideration of this very great liberality, they are to receive one-half of the profits of The Great North Western Company. Is there anything very heinous or very startling in this

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proposition? Does it imply destruction of a national element in the Canadian telegraph system, or is it subversive of any sentiment of loyalty or patriotism to the Dominion, that a foreign corporation, with 80 millions of capital, for the sake of peace and harmony, and a profitable connection, should undertake to guarantee the payment of nearly a quarter of a million of dollars to Canadian stockholders, and participate in the mutual advantages of this friendly arrangement? Parties who indulge in this kind of criticism forget, or ignore, the fact that the lines of the Montreal Telegraph Company extend into several of the adjoining States; that the company occupy a large portion of the State of New York, and have also offices in New Hampshire, Maine, Vermont, and Michigan. Fortunately for the business interests and intercourse between ourselves and our neighbours across the line, there is no arbitrary national boundary or dividing line between the telegraph arrangements connecting the two countries.

UNFOUNDED FEARS.

The terrors which have been evoked of American domination in the Telegraph system, when closely scrutinized, are found to be wholly imaginary, and they would be amusing if they were not pitiable. One would think that there was some poison or contamination in the great nation on your borders; that the traffic which crowds your railroads, the travel which fills your hotels, should be avoided and spurned. One would think that the great system of telegraphy, the invention of an American, and which the enterprise and capital of the people of the United States has made second only in universality and utility to the post office, was to be ignored by the stockholders of the Montreal Telegraph Company, because it suits the purpose of a few interested parties to work up, for their own purposes, a sentiment which is narrow, false, and unjust. Of all people in the world the stockholders of the Montreal Telegraph Company can least afford to indulge in this kind of sentiment, when the sole chance of profit depends upon a connection with the country so maligned.

THE RESULT OF DEFEAT.

The very thing which these parties make such an outcry against is much more likely to happen if the project now before you is not favorably considered, viz: control by Americans of the Telegraph system of Canada. It is, of course, known to you that the Western Union Company are now virtually proprietors of the Dominion Company under their lease for 99 years at 5 per cent., in addition to which Mr. Gould holds nearly a quarter of a million of the stock of the Company. If the Montreal Company are not inclined to accept the liberal terms that are proposed to them under the new contract offered, it is incredible to suppose that the Western Union people will continue to divide their business between the two Canadian Companies. If the offer now before the Montreal stockholders be rejected, it will follow, of course, that they must lose the entire American business, and that the cable business will also be concentrated in the Dominion Company. The consequence would, of course, be that the Montreal Com-

pany, deprived of probably \$200,000 a year, could not pay dividends; and its stock would certainly fall in value to a point lower than it has ever done before. What the final result might be, it is hardly necessary to indicate.

THE CONSEQUENCES OF ACCEPTANCE.

In opposition to the possibilities, not to say the probabilities, thus indicated, how much more attractive is the offer now before you? A certain and fixed value to the stock, at a figure fully up to its intrinsic worth, is secured by a regular and certain quarterly payment of a dividend of Eight per cent., a rate which creates surprise among those familiar with the perils to which the property is exposed, and the dead certainty of the extinction of dividends should the offer be refused. But beyond all this, is the condition which has laid at the bottom of the whole negotiation ever since its commencement, viz: that the maximum rate for ten-word messages should not exceed, within the provinces of Ontario and Quebec, 25 cents, and should any attempt be made to exceed this charge the whole agreement should be null and void. Thus the parties in opposition, in endeavoring to defeat the proposition now before you, are contributing to the destruction of a plan to accomplish the two great purposes which they all professedly desire to see accomplished. These two ends are: 1st, a permanent and certain profit to the stockholders; 2d, a rate as low as prevails under the postal system of Great Britain, with far greater facilities in proportion to population, distance and use. If any other plan can accomplish these objects more desirably or more effectually, and which can be made practicable and acceptable to the parties interested, both in the United States and Canada, it has failed yet to develop itself.

THE OPPOSITION OF THE PRESS.

While a portion of the press have taken a fair and impartial view of the proposed arrangement, and have fairly recognized and considered the interests of all concerned, others have dealt with the question in such a manner as would seem to indicate that shareholders who invest their money in telegraphs have no interests or rights which are entitled to the slightest consideration. The regular rates charged the press in Canada for news reports are probably the lowest in the world; and even these rates have been, in some cases, demoralized by the ruinous competition of the companies. It is not the intention to increase these rates beyond a point which shall be the lowest reasonable compensation for the service. It will be the intention to make these rates uniform to all; and, if for special reports to any newspaper the maximum rate is named at twenty-five cents per hundred words, no reasonable fault can be found. It is well known that telegraph lines could not be built or operated to do business at any such rates except at a heavy loss, were it not in connection with the commercial business of the country. Special efforts will be made to serve the press, and these efforts will be largely aided by the friendly business relations which it is proposed to establish with the Western Union Company, by means of which their co-operation over their vast area of territory and extensive cable con-

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But, in addition to the low rate of transmission, the Canadian press enjoy advantages from the Telegraph Companies of a very peculiar character, and that is the amount of news they daily get, the gleaning and preparation of which costs them literally nothing. Without charge to them, the whole of one side of each daily paper is filled with telegraphic advices of events transpiring in all parts of the world, from the most stupendous occurrence in the most distant and important quarter, down to the most insignificant and trivial event that happens in the remotest part of the Dominion. Thus, in one day, there are two columns recounting the assassination of the Emperor of Russia, a few hours before, in St. Petersburg, side by side with the account of a broken leg of some poor lumberman in Bobcaygeon, *all of which is got without any effort at all on behalf of the editors and proprietors of the newspapers, and is furnished to them at rates so low as absolutely not to pay the cost of transmission.* Thus, for \$25 or \$30 a week, whole columns of news are gleaned from all parts of the world. It is possible, that under some other arrangement, wherein a fair profit will be sought, newspapers may have to pay a little more than they have been paying for transmitting their columns of matter daily, and it is natural that they should discover, in any plan looking towards harmony of telegraph interests, objections and disadvantages which they will not be slow to discuss. But with rates fixed at the figure above quoted, there certainly ought not to be any such objection urged on the score of disadvantage to the press. The fact is, the advantages are all on their side, and none whatever on the side of others.

OPPOSITION OF THE BROKERS.

With regard to the brokers, the ground of their opposition is of course palpable. No stock in the entire list has yielded such a good return in commissions to these gentlemen as the Montreal Telegraph Company. Not only has it fluctuated much and rapidly (the range in the last two years being from 50 to 60 per cent.), but the transactions have been numerous and large. That these fluctuations will continue to an even greater extent than before, should the terms of amalgamation be rejected, is as certain as that the sun shines. To expect, therefore, anything but hostility from gentlemen whose income depends on these fluctuations, is to expect human nature to change. If the stock should decline, as it most assuredly would upon the rejection of the terms now before you, the brokers would reap a rich harvest. Any attempt made to get control of the stock by parties outside, or any movement whatever either up or down, would make it equally profitable. The stock of the Montreal Telegraph Company has been the football of the market, kicked hither and thither by every idle rumor, and subject to every influence, favorable or unfavorable. The extreme peril to which the property is exposed from competition, and the extraordinary class of circumstances which surround it, both from its United States and cable connections, will always make the stock one of fluctuating value, unless some

such plan as is now proposed is adopted, to amalgamate and consolidate the various conflicting interests. Under such circumstances the brokers will most naturally be opposed to the removal of the stock from the market, and placing it among the stocks which will be sought for investment purposes, giving it a stable and high value. How far the stockholders who own the property, and who would like to get a revenue from it, and see its value certain and permanent, share in the brokers' view of the case, they must for themselves determine.

THE OPPOSITION OF THE PUBLIC.

The public, too, are no doubt averse to any scheme of amalgamation that will necessitate a somewhat advanced rate for telegraphic messages. For the last two years the public have had things pretty much their own way, so far as telegraphic business is concerned, not only as to the rates, but in the fact that nowhere else in the world have so many privileges and facilities been furnished, owing to the excessive competition that has prevailed, resulting in bids for business which have been disastrous to profit. It is, therefore, not surprising that the adverse criticisms have found ready acquiescence in the public mind, because it is anticipated that the amalgamation of telegraph interests will result in the demand for better remuneration for services performed. That this remuneration has been too low every person familiar with telegraph matters fully understands. In view of the distances, the facilities and the extent of the business, twenty cents for ten words, within any portion of the Provinces of Quebec and Ontario, is a rate twenty per cent. lower, in proportion, than that which the British Government, in its perfect postal telegraph system, requires. It is certainly totally inadequate, as is shown by experience, to keep the property in repair and to make a reasonable compensation for the capital employed. It is true that the stockholders of the Montreal Company have been getting dividends at the rate of seven or eight per cent., but it is notorious that it has been paid to them with the greatest difficulty, and at an expense which, in a very little while, will be a most serious consideration for them in the condition in which their property is now found. The amount expended for renewals and extensions, the last two years, has been totally inadequate for the purpose, and the expenditures, which must, of necessity, be made very shortly, will be very large in repairing and rebuilding lines. It will be remembered that the company was able to pay eight per cent., by the sale of the telephone, which this year will not be available.

It is true that the present receipts of the Montreal Company are claimed to be largely in excess of last year, and that a dividend is now being earned equivalent to the amount guaranteed under the new arrangement; but it should be borne in mind that these large receipts are largely the result of the amalgamation in the United States, and that the Montreal Company, through the forbearance of the Western Union Company, is in receipt of an enhanced amount of business which at any moment could be diverted to the Dominion Line, should the arrangement now proposed not be carried out. A dividend at all, or certainly anything approaching eight per cent.

is not for an instant to be thought of in the face of a twenty cent rate for messages, competition for business, and the loss of all principal connections.

WHO ARE NOT OPPOSED.

Having thus referred to the three elements from which opposition to the proposed amalgamation seemed to proceed, it is in order now to allude to those in favor of it. Those who favor it are to be found among the large stockholders whose individual interests are most seriously threatened by a refusal of the project, or benefited by its acceptance. Some are doubtless disappointed, however, that a higher dividend is not secured, and some are disposed to dispute the right of a third company to intervene and deprive the Montreal company of its independence, and all chances of profit beyond the fixed sum of eight per cent. But it must be borne in mind that some such arrangement is essential to a consolidation in which all interests are to be consulted. The negotiations in relation to this matter have extended over several months, during which four forms of settlement were developed, including pooling, leasing, stock consolidation, and finally, the plan now before you. There were difficulties and disadvantages in all, and none seemed to be so simple, so effective, and likely to be so acceptable to all of the parties most interested, as the plan now before you. Whatever may be its defects, it is now the only one that will be agreed to, at least by one of the parties to the negotiations. A delegation from your board of directors went to New York to meet the Western Union authorities, and while there all these plans were discussed. In view of the considerations urged, and the objections that were made, and, especially, the attitude assumed by parties in interest, I think the delegation will confirm the statement that this is the only plan that is at once feasible and acceptable. By it a liberal rate of dividend is assured beyond peradventure, and its payment, every quarter, will not be dependent upon the contingencies of business, the uncertainties of profit, or the certainties of competition. Hence, to those who are the largest owners of stock the proposed plan seems the most acceptable.

There is another class, however, whose interests it is most important to bear in mind—that is, the large number of holders of the stock, more or less dependent upon dividends from this source for an income. The list of shareholders comprises nearly 400 names, and there is no stock list having shareholders more widely scattered, and in sums more various, and in which the average holding indicates a greater number of estates, families, trusts, females, and others, to whom a regular dividend is of vital importance. It is hardly to be supposed that more than one-third of this large number of persons quite apprehend all the circumstances of the case, and the peril to which their income from this source is exposed. Hence, there is all the more necessity for accepting the settlement which will make certain for the future a rate of interest which, in these times, it is next to impossible to secure. To refuse the offer made would have a most disastrous effect in the probable cessation of all income from this source for at least some years to come.

It has been suggested that perhaps some better terms could be got than those now proposed, should the present offers be rejected. The parties who think this know very little of the difficulties encountered in giving shape to the plan now before them, and the favorable terms which are offered. The rate guaranteed is higher than that originally conceded, though it is lower than the officers of the Montreal Company demanded at first. But it is not possible that any more favorable figures can be secured, and the conviction of those familiar with the whole subject is, that if the terms are not promptly acceded to, the whole negotiation will drop, and that no terms whatever will be offered. The proposal is looked upon by disinterested parties as an exceedingly liberal one, the plans proposed comprehensive and unobjectionable; and the results can hardly fail to be advantageous, not only to the shareholders of the Montreal and Dominion Companies, but to the public generally, who will see in the conditions imposed, the prospect of a continuance of reasonable rates, the restoration of telegraphic property, and increased efficiency in telegraphic service, from the improved management which will follow the acceptance of the terms proposed.

THE DIFFERENCE IN GUARANTEES.

In some quarters it is urged that the rate of interest to the Dominion Company of six per cent. per annum, is relatively more favorable than that of eight per cent. to the Montreal Company, and it is maintained that the latter should be increased in consequence. In reply to this statement, it is sufficient to say that the rate to the Dominion Company was fixed years ago by the terms of its lease, that on its assignment to a Canadian company it should carry an increase rental of one per cent., the rate hitherto being five per cent. The fact that this extra charge has to be paid, indicates that instead of being what it has hitherto been, practically an American company, it will now, under the new arrangement, pass into the control of a Canadian company, so that the effect of the new arrangement will be to nationalize what has hitherto been de-nationalized. Under such circumstances it will be seen how insincere and unfounded is the shrill cry of patriotic affright which has been raised for selfish purposes, in relation to this matter.

THE POSITION OF YOUR DIRECTORS.

The decision of a number of the shareholders, it is alleged, will be influenced very much by the position which the directors of the Montreal Telegraph Company assume on this question. It is to be said on behalf of these gentlemen, that the negotiations, extending over some months, indicate on their part a very great anxiety to get the best possible terms for their constituents. At the same time, it is apparent they have not felt that they should assume the responsibility of deciding whether acceptance or rejection of these proposals is the best for all interests. The fact that they have agreed to call you together to pass upon it, is presumed to be a virtual acceptance, so far as they are concerned, of the proposal before you; but in order to relieve them from any such responsibility, it is suggested that parties who desire to express their opinion, either favorable or adverse to the

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plan, should definitely instruct either directors, or some other representative, to give expression to their views. In order to relieve directors from any responsibility, three stockholders, one representing Quebec, and two others Montreal, have kindly consented to accept proxies of the shareholders who are favorable to this plan. The shareholders representing Montreal are Mr. John Crawford, President of the City Passenger Railway, the largest individual holder of the stock, and Mr. James Power Cleghorn, of the well-known firm of Messrs. J. G. McKenzie & Co. The other name is that of Mr. George Richard Renfrew, a well known resident of Quebec, who will accept a similar trust. A power of attorney will be found accompanying this pamphlet (see last page) in favor of these gentlemen, which can be transmitted to them by such stockholders as are favorable to the project. The question now presented to the shareholders is of such vital importance to them, that the specific instructions contained in the power of attorney should be afforded. Hence new proxies should be substituted in the place of those hitherto held.

The impression is a most unjust one, which has in some quarters been conveyed, that certain of the directors were opposed to the project because a change in the administration might interfere with such privileges and advantages as they had hitherto enjoyed. The injustice of this implication is found in the fact that the autonomy of the Montreal Company is to be so completely preserved that, even if this were an actuating motive, it would have no occasion to exist. To relieve the directors from a position in which any such consideration might be said to influence them, either for or against the proposition now before you, the suggestion is made that proxies should be in the hands of shareholders separate from the management.

Not a few shareholders indicate a natural reluctance to contribute to the withdrawal from active operation of a company which has been so long and honorably identified with the business interests of the country. But no apprehension of the kind need exist; for both with regard to legal and business considerations, it would be the best policy to preserve, to as great an extent as possible, all the advantages arising from the organization, powers, influences, and surroundings of the two companies which have so woven themselves into the warp and woof of Canadian business interests since their organization. So far as the public, and so far as the telegraph companies themselves and their employees are concerned, as little change as possible is contemplated, except that the business of telegraphy will, where, it is possible, be a great deal better done, and the condition of telegraph property made more stable and permanently profitable.

THE POSITION OF THE WESTERN UNION COMPANY.

Some feeling appears to be entertained by the stockholders that the authorities of the Western Union Company are using undue pressure to accomplish their own purposes in Canada. This view of the matter is clearly unjust. It should be borne in mind that the Western Union Company now own a line of their own, extending the whole length of the Dominion.

It should also be borne in mind that they have a large and valuable business, which it is the most natural thing in the world they should divert in the direction of their own lines. This business includes all that is transmitted from the United States and all that reaches them by cable. If the Montreal Company had parallel lines running to New York and Chicago, they could not be blamed if they gave their business to their own company, any more than the Western Union can be for confining their messages to their own leased line in Canada. If, however, this company is willing to make such traffic arrangements as will beget to the Montreal Company a reasonable return upon their capital, and thus harmonize conflicting interests, surely the proposition ought to be promptly accepted, and, instead of being harshly criticised, the Western Union Company ought to be commended for its liberality and consideration. If the offer was only six per cent. per annum, and the conditions otherwise exacting; if the rate was not fixed at twenty-five cents, and if the control of the telegraph was not Canadian, there might be some valid objection. But with all these conceded, and a dividend guaranteed as good as that attached to any other sound security whatever, surely it is "looking a gift horse in the mouth" to criticise, carp at, and refuse the offers made. This refusal, should it occur, will likely be all the more keenly resented, in view of its liberality and consideration.

MR. JAY GOULD.

The virulent attacks which have been made upon Mr. Jay Gould in connection with this matter make it proper that some allusion should be made to the position he holds in relation to the telegraph interests of Canada. In the first place Mr. Gould has a larger investment in Canada than any other single non-resident, and in Dominion Telegraph stock alone, his holding amounts to nearly a quarter of a million. This sum was advanced two years ago in hard cash, for a purchase of the stock, and mainly went to liquidate the indebtedness of the Dominion Company when it was on the eve of bankruptcy. It had reached this condition notwithstanding the prevalence of the twenty-five cent rate for messages; and the subsequent uncalled for reduction to twenty cents must have entailed a heavy loss on the company. The consequence of Mr. Gould's investment was that the cheapest telegraphy in the world has been afforded to Canadians in the past two years, and if the future is to be judged by the past, his continued interference—did he seek to interfere—should be coveted rather than condemned. But Mr. Gould does not seek to meddle with Canadian telegraph matters, except as the largest stockholder, to favor a plan whereby a reasonable return can be had on his investment. No concern has been less interfered with than has the Dominion Company since it was leased to Mr. Gould and his associates. Not only in connection with the Dominion Company, but in regard to the whole telegraph interests of Canada no treatment could be fairer, more considerate, and even generous, than has been experienced at the hands of these Americans. To add emphasis to the liberality of their policy in the past, and to show how little ground there is for the charge that they are trying to get possession of Canadian telegraph

lines, Mr. Gould and his friends now agree to assign back to a Canadian company their lease of the Dominion Company. He thus returns to Canadian control the large interest he has acquired in the country, trusting to the good sense of the Canadians themselves to see to it that he gets a fair return.

When the consolidation of the Telegraphs was effected in the United States there was a great outcry made that rates would be advanced, and a grinding monopoly the consequence. The result however has been that rates have not been advanced, but on the contrary, equalized and made more uniform; and the service has been all so perfected and improved, that a great change has come over public sentiment in this matter. I am confident that this will be the case in Canada, if these arrangements are carried out according to the present intentions of parties interested, and that the service will be made equal to that of any other Telegraph service of any other country in the world.

GOVERNMENT INTERFERENCE.

There seems to rest in the minds of some the expectation that government interference will prevent a consolidation of telegraph interests. How government could interfere without some such consolidation is a mystery. It is alleged that this step would prevent a monopoly, yet how the government could assume the telegraphs, and not create a monopoly, is not explained. Whether a government monopoly is any more enjoyable than a free field and no favor, for telegraphic enterprise as for all other business pursuits, is a question not fully discussed. What advantages would come from government telegraphs over what are at present enjoyed are unenumerated. Certainly it would not be rates lower than have hitherto prevailed, or that it is agreed will prevail under the proposed fusion of interests. Clearly it would be impossible to more effectually serve the public, to offer facilities extending over a wider area of country or a greater number of localities than now exists. In all towns there is only one post office, yet there have been in almost all places two telegraph offices. In all large cities the post office is confined to one central location, while the telegraph offers its services at a dozen different points. The English government, with its enormous population, its density, and the contiguity of its towns, offers by its telegraph service no advantages greater than are now and will be offered in Canada, in point of either rapidity, accuracy, extent of facilities, or cheapness. What real practical benefit would therefore come from government interference is difficult to define. What disadvantages *might* follow are not so difficult to enumerate, especially in the patronage for party purposes, the disclosures of business and political plans by the ease with which telegraphy is now interpreted, and, above all, the dangers that might result from an aggregation of power in the hands of politicians, to be used for purposes of their own. That the government should, with all its other cares, be expected to take over the business of telegraphy, and yet be in such haste and at such cost to get out of the business of building and managing railways, is one of these vague ideas that find lodgement mostly in the minds of these

who do not seriously reflect upon the subject. Among the serious advocates of such a project will be found some patriots that hope to make a place for themselves or their friends.

But to the shareholders of the Montreal Company, the plan now before them should have an additional attraction, with a prospect of government interference, for in that case the guarantee of eight per cent., which this offer brings to their acceptance, would have to be assumed by the Government, and hence the stockholders would receive a much higher rate of dividend than if the property was to be taken without such a guarantee.

THE GREAT NORTH WESTERN TELEGRAPH COMPANY OF CANADA.

The machinery which it is proposed to use to accomplish the union of telegraph interests in the Dominion is that found in the charter of the Great North Western Telegraph Company of Canada. This company was incorporated by Parliament at its session before last, and has been regularly organized for the purpose of acquiring and working telegraphs in the North Western Provinces. It already owns and operates all the lines belonging to private individuals in Manitoba, with a subscribed capital of \$50,000. It is now intended to increase the capital to \$500,000, the greater portion of which has already been subscribed for by parties abundantly able to pay it up, which subscription will be called for immediately in the amounts required. The President of the company has hitherto been the Hon. A. G. Bannatyne; Vice-President, J. A. M. Aikens (son of Hon. J. C. Aikens, Secretary of State, Ottawa); and Mr. E. P. Leacock, Secretary. Among the existing Directors are Hon. John Norquay, Premier of Manitoba; John Schultz, M. P., James Anderson, Richard Fuller, and Horace McDougall, Winnipeg; Adam Brown, Hamilton; O. S. Wood, Montreal, and Erastus Wiman.

Mr. Wood has been for years the largest stockholder in the North Western Company, whose lines exclusively occupied the vast territory included in Wisconsin, Iowa, Minnesota, and Dakota, and whose lines afford the only means of communication to Manitoba. His connection with this company is, therefore, a most natural one; and it is fortunate that his great experience in telegraph matters, and his high character for integrity and prudence, can be made available at the present juncture. His presence in the board is a guarantee that the interests of the Montreal Company, among whose stockholders he has so many friends, will not be allowed to suffer.

Through the courtesy of Mr. Bannatyne, I have been elected to the position of President, because of the necessity of having some person thoroughly familiar with the matter to close the contracts between the various companies. A resolution authorizing this action has passed the Board of Directors, subject to ratification of the shareholders at a meeting which has been called for that purpose. Whether I shall continue to occupy this position of President or not, will rest in the future with the shareholders and directors. It is the intention, at the next annual

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meeting, to elect such a board of directors as will be representative in its character of all the various local interests. In all respects the control and government of the company, it will be seen, is entirely Canadian, the only non-resident from the Dominion being myself. The fact that I am a resident of New York makes me none the less sincere, as a Canadian, to further the Canadian telegraph interests in the future, as I have had the good fortune to do in the past. The large amount of telegraphic business which my firm dispenses at its eighty different branches, amounting to over \$50,000 annually, gives me here a legitimate claim to consideration. But, aside from this, if I have any claim to the confidence of the telegraph authorities in New York, I think they will admit that it is based mainly upon my loyalty to Canadian interests, and to my great anxiety at all times to advance them. That my position here and accessibility to these authorities will be found influential for the future advantage of these interests, I trust none will have occasion to deny. It is safe to say that, but for this contiguity and influence, the favorable proposition now before you would never have been submitted.

I refer to all these particulars, both as to the company and to myself, simply because the demand for information on these points seemed to be a reasonable one, and I have endeavored to comply with it in the fullest manner.

PRACTICAL RESULTS.

Permit me to close with an enumeration of some of the advantages which are certain to result from a union of telegraph interests in Canada. In the first place, the rate will be permanently and definitely fixed at a maximum of twenty-five cents for ten words. Further, it is proposed that a rate of fifteen cents only shall be charged between towns and villages within twelve miles of each other, and a rate still more favorable for night messages. It is also understood that the maximum rate, for press reports, shall not exceed 25 cents per hundred words, and that if a lower rate than this can be afforded, for lengthy reports, sent during the night, it will be conceded.

The plan proposed is one by which the lines of the Dominion Company will revert to Canadian management, and under which the entire telegraph interests of the whole country will be harmonized, and all worked as intimate connections of the Western Union Company in the United States, getting the benefit in this way of all the advantages of that company's vast and complete organization. A large sum of money will have to be expended on lines of both companies in order to put them in an efficient state of repair, and to provide the increased facilities necessary for the business. It is contemplated to expend not less than \$40,000 within a year for this purpose.

The advantages of this arrangement will be that the service can be in every way greatly improved, not only as regards home and local service, but as regards the foreign connections in every direction. The new company will be able, under these new arrangements, to provide new and more direct connections, without transfer or repetitions, and consequent delay, between

all principal towns in the eastern and western provinces of the Dominion. It will also be able to establish direct connection between all the principal towns in Canada, and the principal cities in the United States; thus facilitating greatly the business intercourse between people on both sides of the line.

It may not have been generally known, that heretofore there has been no geographical or national boundary line dividing the telegraph system. Hereafter there will be a still greater interlacing and provision for communication. It will be the aim of the new consolidated company to so amply and perfectly provide the telegraph facilities needed, both as regards their extent and cheapness, as to make an opposition unnecessary. Unless the new company does this, its promoters are well aware that they need not expect to be without competition for any length of time. There can be no monopoly of the telegraph business in Canada. Telegraph companies may be formed, at an hour's notice, to build lines, under the general act of Parliament.

Of course, there are many people who would prefer that the companies should go on fighting each other, until both were completely crippled and exhausted, but it certainly is not, in the long run, for the benefit of the public, that this should be done. The country can be better served by one strong and able company, than by two, or half a dozen, in a crippled and bankrupt condition.

There are numerous other advantages, aside from the steady dividend guaranteed shareholders of the Montreal Company, which will follow the acceptance of the propositions before you, and which, it is submitted, can hardly be expected unless those propositions are agreed to. But your patience has already been greatly taxed with this communication, for the length of which I have to apologize, and urge, in palliation, my anxiety to place you in possession of all the facts and considerations necessary to an intelligent verdict on the grave question, as to whether you will accept, or reject, the proposals that are now before you.

Soliciting personal communication from shareholders desiring such further information as I can give, I have the honor to be

Your obedient servant,

ERASTUS WIMAN.

314 BROADWAY, New York, July 1, 1881.

STOCK OF THE MONTREAL TELEGRAPH COMPANY

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STOCK OF THE MONTREAL TELEGRAPH COMPANY.

Authority to Vote at a Meeting of the Shareholders to be held in Montreal, July 16, 1881.

BE it known to all men that JOHN CRAWFORD, Esq., of Montreal, JAMES POWER CLEGHORN, Esq., of Montreal, GEORGE RICHARD RENFREW, Esq., of Quebec, or either of them, is hereby constituted and appointed the lawful Attorney of the undersigned

for him, and in his name, to vote at a Special General meeting of the Shareholders of THE MONTREAL TELEGRAPH COMPANY, called for July 16, 1881, or at any adjournment thereof, for the purpose of considering a proposal for the working of the lines of the Company for an annual guaranteed dividend of Eight per cent. upon the capital stock of the Company, and upon other conditions, with instructions to vote in favor of the same; and with power also to the said Attorney to substitute in his own stead another Attorney, and every such substitution at pleasure to revoke; hereby revoking all other power of proxy given by me.

WITNESS the Hand and Seal of the said constituent at

the _____ day of _____
A.D. one thousand
eight hundred and eighty-one.

Signed, Sealed and delivered in the presence of: {

N.B.—The execution must be attended by two witnesses, who to their signatures must add their place of abode and quality.

The Attorney within named.

by me,

this day of A.D. 1881,

THE MONTREAL TELEGRAPH COMPANY,

This Power of Attorney is lodged with

To

From

POWER OF ATTORNEY

Stock of The Montreal Telegraph Co.

Dated
1881.

